



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-62]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; DSCA/DSA-RAN.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 17-62 with attached Policy Justification and Sensitivity of Technology.

Dated: March 27, 2018.

Shelly E. Finke,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

MAR 22 2018

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 17-62, concerning the Army's proposed Letter(s) of Offer and Acceptance to Saudi Arabia for defense articles and services estimated to cost \$670 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "C. W. Hooper", is written over the typed name.

Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified document provided under separate cover)

Transmittal No. 17-62

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Kingdom of Saudi Arabia

(ii) Total Estimated Value:

Major Defense Equipment*	\$647 million
Other	<u>\$ 23 million</u>
TOTAL	\$670 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Up to six thousand six hundred (6,600) TOW 2B Missiles (BGM-71F-Series)
Ninety-six (96) TOW 2B (BGM-71F-Series) Fly-to-Buy Lot Validation Missiles

Non-MDE:

Also included is government furnished equipment; technical manuals and publications; essential spares and repair parts; consumables; live fire exercise and ammunition; tools and test equipment; training; transportation; U.S. Government technical support and logistic support; contractor technical support; repair and return support; quality assurance teams; in-country Field Service Representative (FSR); other associated equipment and services in support of TOW 2B missiles; and other related elements of logistics and program support.

(iv) Military Department: Army (SR-B-VBQ)

(v) Prior Related Cases, if any: None

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: March 22, 2018

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Saudi Arabia –TOW 2B (BGM-71F-Series) Missiles

The Government of the Kingdom of Saudi Arabia has requested to buy up to six thousand six hundred (6,600) TOW 2B missiles (BGM-71F-Series) and ninety-six (96) TOW 2B (BGM-71F-Series) fly-to-buy lot validation missiles. Also included is government furnished equipment; technical manuals and publications; essential spares and repair parts; consumables; live fire exercise and ammunition; tools and test equipment; training; transportation; U.S. Government technical support and logistic support; contractor technical support; repair and return support; quality assurance teams; in-country Field Service Representative (FSR); other associated equipment and services in support of TOW 2B missiles; and other related elements of logistics and program support. The total estimated program cost is \$670 million.

This proposed sale will support U.S. foreign policy and national security objectives by improving the security of a friendly country which has been, and continues to be, an important force for political stability and economic growth in the Middle East. This potential sale is consistent with U.S. initiatives to provide key partners in the region with modern systems that will enhance interoperability with U.S. forces and increase stability.

The proposed sale of TOW 2B missiles and technical support will advance the Kingdom of Saudi Arabia's efforts to develop an integrated ground defense capability. A strong national defense and dedicated military force will assist Saudi Arabia to sustain itself in its efforts to maintain stability. Saudi Arabia will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor is Raytheon Missile Systems, Tucson, AZ. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the permanent assignment of any U.S. Government or contractor representatives to Saudi Arabia. There will be no more than two contractor personnel in the Kingdom of Saudi Arabia at any one time and all efforts will take less than two weeks in total.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 17-62

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The TOW 2B RF Missile is a fly-over-shoot-down missile designed to defeat armored vehicles. These missiles are fired from a variety of TOW launchers in the U.S. Army, USMC and FMS customer forces. The TOW 2B RF can be launched from the same launcher platforms as the existing wire-guided TOW 2B missiles without modification to the launcher. The TOW 2B missile (both wire & RF) contains two tracker beacons (xenon and thermal) for the launcher to track and guide the missile in flight. Guidance commands from the launcher are provided to the missile by an RF link contained within the missile case. The hardware, software and technical publications provided with the sale are unclassified; however, the system itself contains sensitive technology that instructs the system on how to operate in the presence of countermeasures.
2. If a technologically advanced adversary obtains knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.
3. A determination has been made that Saudi Arabia can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
4. All defense articles and services listed in this transmittal are authorized for release and export to the Kingdom of Saudi Arabia.

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